Godrej Properties Ltd.

Q2 FY2012 Earnings Conference Call Transcript

October 22, 2011

Moderator Ladies and gentlemen, good afternoon and welcome to the Godrej Properties Results Conference Call. As a reminder for the duration of the conference all participants' line are in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note that this conference is being recorded. Joining us on the call today are members of the senior management team at Godrej Properties. At this time I would like to hand the conference over to Mr. Anoop Poojari, from CDR India. Thank you and over to you sir.

Anoop Poojari Thank you. Good afternoon everyone, and thank you for joining us on Godrej Properties Q2 FY2012 Results Conference Call. We have with us Mr. Adi Godrej – Chairman of Godrej Properties, Mr. Milind Korde – Managing Director, Mr. Pirojsha Godrej – Executive Director, Mr. K T Jithendran – Executive Director, and Mr. Rajendra Khetawat – Vice President, Finance and Accounts of the company.

We will begin the call with opening remarks from the management, following which we will have the forum open for an interactive question and answer session.

Before we begin this call, I would like to point out that some statements made in today's call may be forward looking in nature, and a disclaimer to this effect has been included in the conference call invite e-mailed to you earlier.

I would now like to invite Mr. Adi Godrej to make his opening remarks.

Adi Godrej Thank you. Good afternoon everyone, and welcome to Godrej Properties Q2 FY2012 conference call. I would like to begin by taking you through the operational highlights for the period under review, followed by a discussion on the financial performance of the Company.

Q2 FY2012 has been an extremely eventful quarter for Godrej Properties and one where I think the Company has set itself up for tremendous long-term success. In an environment where capital efficiency will be of paramount importance, there are several developments in this quarter that have positioned the Company for strong, long-term growth.

One of the most important developments for the quarter was the exceptional momentum witnessed in the new business development deals. There were five new deals added in Q2; one each in Bandra-Kurla Complex, Thane, Hyderabad, National Capital Region and Nagpur. These new deals have added 8 million square feet to GPL's development portfolio, and we believe they will add significantly to the Company's performance in the coming quarters.

As many of you know, Godrej Properties has continued the strong momentum in new deals, through the landmark deal we concluded two weeks ago with our group company Godrej & Boyce. We believe this deal will be hugely value accretive for Godrej Properties and I look forward to discussing it further in my remarks as well as in the question and answer session thereafter.

The major benefit of this deal is that it gives Godrej Properties a very significant and totally risk free cash flow from what we think will be Mumbai's most significant real estate development for a long period of time. The project will also benefit the company in the short term, as the first project under this structure - Godrej Platinum has already been successfully launched.

The structure of this deal whereby, 10% of the total revenue will be received by Godrej Properties and almost all the investments will be borne by Godrej & Boyce is extremely beneficial to Godrej Properties. Over time, the investments into the development of the Vikhroli land will run into tens of thousands of crore. Ensuring that GPL does not have to bear the burden of that investment and can instead deploy its capital to grow through adding external developments to its portfolio, will lead to a much stronger growth than would be possible by remaining entirely focused on a single development. This is also a structure that can be applied to all future developments, whether it is residential of commercial, or whether a development is for sale or lease. Clarity on how the structure of development of the Vikhroli land would work is something that our investors have repeatedly requested and this agreement provides that clarity. Over time, as the Vikhroli development unfolds, prices will continue to rise, as they have in all major developments in Mumbai, such as Bandra-Kurla and Powai, and Godrej Properties will enjoy a tremendous and growing return. I firmly believe that the value of this deal for Godrej Properties has not yet been appreciated and I am confident this deal will lead to tremendous growth for Godrej Properties in the years to come.

Another important development this quarter has been the change in the positioning of our Ahmedabad and Hyderabad projects. Both projects had a significant amount of commercial space and in an environment where capital efficiency is essential, we believe that repositioning the projects will lead to a much more positive outcome to Godrej Properties. While the scale of these projects has been reduced, we believe that the outlook for these projects and for the company as a whole, has substantially improved as a result. From our experience, of IT development in a Tier-2 market like Kolkata, we have learned that the investment requirement for non-prime commercial development can be very significant and is often not justified by the returns achievable from such developments. Between the changes to our Ahmedabad and Hyderabad projects, we have reduced the amount of commercial development by approximately 18 million square feet, while retaining roughly the same amount of residential development overall. Constructing this volume of commercial space would have entailed investing approximately Rs. 5,000 crore and the return on such large investment would have been inadequate. Furthermore, given the relatively low demand for commercial space in cities like Ahmedabad and Hyderabad, we were also skeptical of our ability to market such significant volumes of commercial space in a reasonable time space. Locking up large amounts of capital unproductively would hamper the growth of the company and does not fit with our model that avoids land banking and focuses on efficiently utilizing capital.

This change in development type will allow us to utilize the funds that would have gone into these developments in other projects that will offer us superior returns.

In the case of Ahmedabad, this change has been brought about by the Government's changing of its township policy from the Gujarat Integrated Township Policy, to the Residential Township Policy, which has resulted in a lower total FSI, but has increased the residential space permissible from 65% of the development to 90% of the development. The project size will also reduce because we are unlikely to exercise our option to develop an additional 80 acres, beyond the 250 acre development currently underway due to the increased cost that such a development would entail, given the changes in Ready Reckoner rate and therefore the land price. Our Ahmedabad project has witnessed strong residential demand and we remain confident that the project will do very well. The reduction in the development size does not affect the Company's operations in any way for the next six to seven years and will allow us to focus on creating a world class residential township. The reduction in the total area available for development will be replaced with new and higher return projects in the upcoming quarters.

In the case of Hyderabad, we are seeking to change our development strategy entirely from IT SEZ to a residential project. We have applied to the Government for this change in zoning and we hope to receive this approval in the coming months. We are confident, that a residential development will do much better in this market than a commercial development and we will launch this project as soon as we are able to get the clearance.

Our major residential projects continue to see good momentum in Q2 FY2012. We sold approximately 0.22 million square feet of space at Godrej Garden City in Q2 FY2012, bringing the total area sold with the project of 3.5 million square feet, which includes the JD share. With launches of new phases planned in the upcoming quarters, we are confident, the project we continue to do well going forward. Our residential project in Kolkata, Godrej Prakriti, registered strong sales with booking of 0.24 million square feet in Q2 FY2012. Godrej Prakriti is one of the most successful residential projects in Kolkata, with sales of 1.18 million square feet since the project launched. Our commercial projects registered slow sales in a sluggish quarter. Based on discussions with potential clients that are currently underway, we expect to see a strong second half of the year for commercial sales. Our total bookings for the quarter were 0.57 million square feet, which is the Godrej Properties area.

Already in Q3, we have witnessed successful launches of two residential projects; both named Godrej Platinum, and located in Bengaluru and Vikhroli, Mumbai. We expect to launch an additional project in Bengaluru, a project in Mangalore, two projects in Chembur and our project in Chennai in Q3, and expect this, in addition the launch of new phases in our ongoing projects to lead to substantial momentum for the rest of the year.

Responsible and sustainable development is one of Godrej Properties' core values, and I am pleased to note that our new project, Godrej Platinum at Vikhroli, will be the first GPL residential project to receive a LEED-Platinum pre-certification, which is the highest available rating for green buildings. Godrej Properties also received numerous awards during the quarter, both at the entity level and at the project level. A total of seven awards were received by Godrej Properties this quarter. These included 'Asia's Most Admired Brand in the Real Estate Sector' award at the Asian Leadership Awards, and the 'Best Emerging National Developer', at the Zee Business Real Estate Awards. Godrej Properties was also recognized as one the top 200 power brands 2011-12 by the Indian Council for Market Research, and was selected as amongst 'India's Top 10 Builders' by Construction World for the 6th consecutive year.

I will now brief you on the financial performance for the period under review. I am pleased to share the Godrej Properties had a robust 70% growth in its total income; from Rs. 84 crore at Q2 FY2011 to Rs. 142 crore in Q2 FY2012. In what has been another difficult quarter for the real estate sector, GPL's booking value improved by 250% to Rs. 214 crore from Rs. 61 crore in Q2 FY2011. EBITDA for the quarter, stood at Rs. 34.5 crore as compared to Rs. 51 crore at Q2 FY2011. Net profit for the quarter was Rs.19.5 crore as compared to Rs. 32.9 crore in Q2 FY2011.

For the first half of financial year 2012, our total income has grown by 76%, the value of our sales booking has grown by 126%, while our profit before tax has declined by 35%. While there is already a very strong growth in total income and bookings in the first half, which we expect to sustain in the second half, we believe there will also be an opportunity to substantially grow our profits during the rest of FY2012.

The numerous interest rate hikes and the unfolding European debt crisis continue to be among the significant macroeconomic headwinds currently facing the sector. But, despite this, given our plans for launches, and new business development deals we continue to expect strong annual growth in FY2012. We have consistently delivered growth in varied market conditions over the past several years, and expect to continue to do so in the future. The 'Godrej' brand and our proven business model have positioned us well, to take advantage of the vast opportunities in the sector.

On that note I conclude my remarks and would like to thank you all for joining us in this conference call. We would now be happy to discuss any questions, comments or suggestions that you may have.

Moderator Thank you very much. We will now begin the question and answer session. Our first question is from the line of Anand Agarwal from Jefferies. Please go ahead.

Anand Agarwal Firstly on the Godrej & Boyce deal, you mentioned that the cost would be about 2% and the net margin, therefore, will be 8% of the selling price will accrue to you.

Adi Godrej That's right.

Anand Agarwal Will there won't be any tax that you will be required to pay on this? Second is, when does the money come to you, does it come as and when you collect the money from the customers or is it on the basis of entering the sale deed, how is it? And thirdly, over the next, let's say 3 to 5 years what is the kind of annual volumes you are expecting from this deal, in terms of a million square feet?

Pirojsha Godrej Thanks for the question. On the deal, the only tax that we pay is normal income tax. We have already launched the first project under this deal, which is a 600,000 square feet project called Godrej Platinum and we have already sold about 20% of the area in this project. And, we will receive the money just as G & B does, based on percentage completion and collection. So, as G & B receives their collections, we will receive 10% of the total revenue.

On your overall question, you know, we already have between our project 'The Trees' and Godrej Platinum, a 3.5 million square feet, that will be coming on line in the next five years. We may add to that, in the next year or two, but we do not foresee adding anything in the next twelve months. We would be focused on selling

Godrej Platinum, completing our commercial building, Godrej One and then launching the further phases of The Trees, which include the residential buildings, additional office buildings and a five star hotel. But certainly while that is being completed we will launch further projects in Vikhroli. The exact estimate of when and how much is not currently available.

Anand Agarwal Trees is under a separate deal, right, that is not part of this?

Pirojsha Godrej That's right, but you might keep in mind that it is in the same location, in that sense we would not like to flood the market by launching two much at one time. But we will certainly see a lot of momentum, as already there is a lot under development and we expect by the time we have sold out this first couple of projects there will be already other projects.

Anand Agarwal Secondly, I have a bit of confusion about the Jet-BKC deal that you have done, so just wanted a couple of clarifications on that. Firstly, I mean, if we mention that Jet will get about 50% of the operating profits, what does this mean, does it mean net profit or does it mean at the EBITDA level. And second the loan of this Rs. 500 crore, does that accrue to GPL books or does that accrue to the SPV books and, will the entire repayment of the Rs. 500 crore come out of the proceeds of this project and then the profit will be shared, or how is it? And thirdly, has this project or has this deal already been implemented and therefore included in the balance sheet details that you shared in this quarter?

Rajendra Khetawat Anand on your first question, as far as the profit is concerned; the profit would be shared at the PBT level after all costs. All cost includes the land cost, interest accrued and the entire development and construction cost. It would be the PBT level sharing 50/50. On the second question, the loan will be assumed by the SPV books, which will be repayed from the sales proceeds from the total area what we are going to develop. And the third question is, the deal has yet not been consolidated into our books, it will be done in this quarter.

Anand Agarwal And this one million square feet of saleable area, does that include the area that will be handed over to Jet or that is over and above?

Pirojsha Godrej Yes, that does include the area that is handed over to Jet. You know, we have put one million square feet when we finalized the design, but we actually expect that one million once finalized to go up to somewhere between 1.1 and 1.2 million square feet. As soon as the design is finalized and we have complete clarity on that, we will release that. But yes, the million square feet or the 1.2 million square feet does include the area that we have to give to Jet.

Anand Agarwal Okay, and just a couple of other housekeeping questions, I mean, can you give me the breakup of the booking of this 0.57 million's profit in this quarter.

Rajendra Khetawat Ahmedabad contributed 180,900 square feet. Godrej Prakriti at Kolkata contributed 242,710 square feet. Palm Grove, Chennai contributed around 6,200 square feet. Genesis, Kolkata contributed around 34,000 square feet. Chandigarh contributed around 9,000 square feet. Godrej Frontier contributed around 49,000 square feet, and Mumbai projects altogether contributed around 11,000 square feet. And finally, Godrej Platinum, Bangalore contributed around 37,000 square feet.

Anand Agarwal There is the other operating income of Rs. 8.9 crore this quarter. Can you give a break up of that?

Rajendra Khetawat Out of the Rs. 8.9 crore, Rs. 8.15 crore is on account of Nagpur where we are acting as a Development Manager.

Moderator Our next question is from the line of Adhidev Chattopadhyay and Aashiesh Agarwaal from Edelweiss Securities. Please go ahead sir.

Adhidev C My question again pertains to this BKC deal, just to understand what is the current sanctioned FSI we have on the plot and what is the additional payment we will be required to make to the MMRDA to get the full FSI over there?

Milind Korde Current sanctioned FSI is about 4 lakh square feet and with additional TDR it will go to 6.5 lakh square feet and saleable area would be as Pirojsha mentioned between 1 million to 1.2 million square feet, depending upon the height which is sanctioned.

Adhidev C So if we have to understand currently based on the ready reckoner rate, should be around roughly Rs. 250 crore of other fresh outflow for the TDR?

K T Jithendran About Rs. 13,000 square feet for whatever TDR we buy. But we have a payment schedule there, spread over 5 years, which is a big advantage. We don't have to pay immediately; we have to spread over 5 years.

Adhidev C Okay. And my second question pertains to the overall cash flows for the entity. Could you give us the break up in the first half, like what is the total cash inflow and what is the breakup of the outflow?

Rajendra Khetawat I do not have that right now, maybe I can send you off-line.

Aashiesh Agarwaal This is Aashiesh over here. I have a follow-up question. Just to understand on the cash flow a bit again for the deal. As we understand loan will be assumed by SPV?

Rajendra Khetawat Right.

Aashiesh Agarwaal And we are sharing 50% of the profit of the PBT level, so the loan would be repaid by the SPV obviously. But, the profit sharing is at PBT level. So, just to understand how this happens, supposing hypothetically we make a PBT of say, Rs. 100 crore in the deal. So, Rs.50 crore comes to Godrej Properties and Rs. 50 crore goes to Jet?

Rajendra Khetawat Correct.

Aashiesh Agarwaal And, at that point of time obviously there is taxation which is going to happen, so Jet pays about 30% tax on that we are paying 35 crore.

Rajendra Khetawat Right.

Aashiesh Agarwaal So the debt get pays out of 35 crore of?

Rajendra Khetawat No, the profit would be after repaying the debt.

Aashiesh Agarwaal Because the profit would essentially be like this interest servicing gets into profit, but the debt repayment itself would still come under?

Rajendra Khetawat No. The debt, what the SPV is going to assume, that will be as a land cost which will be factored into the overall total cost of the project. So, the profit would be derived after factoring the land cost and other development costs.

Aashiesh Agarwaal Sure. That Helps. Thank you.

Moderator Our next question is from the line of Ashutosh Narkar from HSBC Securities. Please go ahead sir.

Ashutosh Narkar I have two questions; one is one the Vikhroli deal, while we act as the Development Manager, will Godrej & Boyce undertake the entire construction work or they will act as a landowner and then it will be outsourced to the third party?

Pirojsha Godrej Yes, Godrej & Boyce has its own construction division that will actually handle the construction themselves, so there won't be in this case, an outsourced contractor.

Ashutosh Narkar And if you can give us some indication about, you know, what has been there past track record in terms of execution, sale. If you can give us a rough indication about how much million square feet they have developed in the past?

Adi Godrej Godrej & Boyce construction department has developed all the Godrej & Boyce property, industrial and earlier residential, we have a lot of residential quarters for our employees and others; schools, hospitals etc. Now, I do not know the exact area, but they have developed millions of square feet, several millions of square feet, they are a very capable organization.

Ashutosh Narkar One more question is, when we get the development management fees, we pay income tax and we also pay service tax on it, right?

Rajendra Khetawat Yes, the fees would be over and above, the service tax would be addition to the fees.

Ashutosh Narkar Oh, service tax is covered by the agreement itself.

Pirojsha Godrej That's right.

Ashutosh Narkar Okay, and one last question is on the average selling price this quarter which is a dropped to roughly around 10%, that is primarily because we have not booked any major commercial deals?

Pirojsha Godrej Yes, overall that is because the commercial deals have slightly higher value and we does not have much commercial sales this quarter. But, I assume that is what you meant. On the Vikhroli project our average sales so far has been Rs. 12,000 per square feet, the project has received very favorable response and we have already taken prices up slightly in the project.

Moderator Our next question is from the line of Puneet Jain from Goldman Sachs. Please go ahead sir.

Puneet Jain Sir, my first question is with respect to margins. So, if I look at your EBITDA margins, like ex your other operating income, it turns out to be somewhere around 20% or less than 20%. So, will the margins remain similar? And, what do you think the margin trend can be going forward?

Pirojsha Godrej I think margins have been a little lower in the first half of the financial year. Clearly, we would expect to have that increased for the full year. Basically, GPL has always delivered EBITDA margins 30% and higher and we would expect that trend to continue in the short term, but you know, it will depend somewhat on the mix of projects and so forth. But, we are quite confident that the second half will show higher margins than the first half did.

Puneet Jain The latest deals which you have been signing, say in Gurgaon or say in Nagpur, what is the kind of margins you expect incrementally into these deals?

Pirojsha Godrej It is a little difficult to comment deal by deal what the margins would be. It depends a lot on how the market conditions in each location pan out. But we would expect at the entity level to have EBITDA margins north of 30% for the year.

Puneet Jain My second question is in respect to debt. Most of the loans currently are unsecured loans?

Rajendra Khetawat Right.

Puneet Jain So, what is the policy of capitalizing interest on these unsecured loans and plus are you also expensing any interest capitalize in the past through P&L on the ongoing basis?

Rajendra Khetawat Puneet, the policy is that the debt is taken at a consolidated level, which gets deployed into various projects, which Godrej Properties is developing, through its subsidiaries or through its own entity. So, for whatever debt repayment is happening towards the interest, gets capitalized through the project. And, the net what is left out which cannot be capitalized is shown as a net P&L to the Company. So, most of the debt what we take gets deployed into various projects, because at the entity level other than operating expenses, or other than administration expenses we don't have any other activities for which we require debt. So, most of the debt is for the project, so the interest gets capitalized to the project.

Puneet Jain So, but currently most of our debt is unsecured loans, and the debt increased by around 2.5 billion in the first half.

Rajendra Khetawat Right.

Puneet Jain Any guidance as to where this money was deployed?

Rajendra Khetawat Like we said we have entered into five new deals in the last quarter, so there were certain advances made on account of those deals. Half of that has gone towards funding this new projects, and the balance half is you know, because we have started new phases of the existing projects, as well as a new region started construction, so the money, half of that has gone into work in progress.

Puneet Jain Okay, and by when can you say, the company can start collecting some operating cash flow?

Rajendra Khetawat In fact the residential projects are already giving operating cash flow, positive cash flow. But, like the company is in a growing phase and a lot of new phases of the existing projects are getting opened up, so the money is getting redeployed into those projects.

Moderator Our next question is from the line of Arunabh Chaudhari from Morgan Stanley. Please go ahead sir.

Arunabh Chaudhari Our first question is regarding the Jet BKC deal. What is our progress in roping and funding for this deal, for the construction cost and the subsequent payments to MMRDA?

Milind Korde We already have a loan tied up with HDFC for about Rs. 750 crore, which we feel is the initial capital outlay for the project including the Rs. 500 crore advance. And, then we will either look at a private equity deal or look at strata sales in the project, to fund it.

Arunabh Chaudhari I think we announced a project in Bangalore yesterday where we will be doing the role for Development Manager with 11% revenue share. Now, since this is the second such deal with this kind of an arrangement. I just wanted to know what is the exact scope of work that we will be doing and how much control do we think we will have on deciding the specs, the product quality, choosing suppliers and vendors, given that these projects would be broadly branded by Godrej projects?

Milind Korde Yeah, in the case of this project, since the approvals had already been obtained and the developer in question had started bookings, this deal had to be structured in this manner. It exactly goes along our existing projects where we control the construction, marketing, the cash flows in the project etc. So, there would be no question of any problems relating to quality where the project is concerned.

Arunabh Chaudhari Are we expected to take up future projects with landowners where we will be restricted just to the role of a Development Manager, mostly S & M kind of roles? And if so, apart from the aspect of capital not being locked, any other reason why we would be taking up more of such projects?

Pirojsha Godrej I think the dominant model we will follow will continue to be the joint venture model. Development Manager is something that we have done historically as well; I think it has got a little bit more attention because we have done a major deal in that format and now a smaller deal. It is an interesting model, because it is quite risk free and it entails very low investments just like the advantages of the joint venture model. So I think it is something which we are open to, if we think the deal makes sense under this model, but I know it's not anyway a shift in our strategy away from joint ventures. I think it will remain the vast majority of our business but we are open to such deals as we have seen in last few weeks.

Arunabh Chaudhari In that case the 185 acres of MOUs that we have in the group, I understand that we have already announced 10 acres in Hyderabad with a 35% profit share. For the remaining do we have some kind of a clarity that will be under regular kind of a JV, or a JDA route vis-à-vis the development manager kind of a route?

Pirojsha Godrej Well, most of the agreements have actually been finalized for both Thane and Hyderabad, actual terms have been finalized and both of those are profit sharing joint ventures. In The Trees at Vikhroli as you know it is a profit sharing joint venture. I would expect any future deals in the groups to also be joint ventures. But, I think most of the deals with group we have provided a clear structure for.

Arunabh Chaudhari And finally some of these new projects that are coming up for launches, any of them we expect recognition to commence in FY2012?

Pirojsha Godrej For the new launches that have happened now, we would expect recognition to happen. One of the things which we been focusing on is getting projects where we can launch very quickly. So for example even the Godrej & Boyce project we have tied up, Godrej Platinum is already been launched, construction is well underway. So there will be recognition from that. Nagpur has already been launched so we will see recognition from that. And we expect to have quite a few launches in the next couple of months and we will hope to see recognition of some of those deals in Q4.

Moderator Our next question is from the line of Gunjan Prithyani from JP Morgan. Please go ahead.

Gunjan Prithyani Sir I have couple of questions, one on your debt. Debt this quarter increased by about Rs. 370 crore, is that on account of Jet deal or advances for other land deals that we have deal that we have done?

Rajendra Khetawat This is not account of Jet deal. It is on account of other deals which we have signed up. It's not Rs. 370 crore, it is around Rs. 270 crore which is the increase.

Gunjan Prithyani Sir there has been reduction in cash as well. I'm talking about net debt increase of about 370 crore.

Rajendra Khetawat So the reduction in cash has gone towards the object for which it was raised. It was basically towards the Ahmedabad and other projects. And as far the other debt increase concerned, part has gone towards funding of our new projects. We have signed three-four new projects. So it has gone towards that. And a part has gone towards funding the working capital requirement of our existing new phases which has opened up as well as the new projects which has been launched.

Gunjan Prithyani So Sir, if we expect that Jet deal would get closed in this quarter, then the debt would increase by another Rs. 500 crore, right?

Rajendra Khetawat Right.

Gunjan Prithyani And secondly again on the Jet deal how much is the estimated premium that would be required to be paid to MMRDA?

K T Jithendran Yes, that is about Rs. 13,000 per square foot of the TDR that we have to purchase. So it should be depending on how much TDR we have to purchase, it could vary anywhere between about Rs. 400 crore to Rs. 500 crore. But I said this we have to pay over a period of 5 years. So initially we will be paying this year only about 20%.

Gunjan Prithyani Sir next on your Vikhroli agreement, I just wanted to get clarity on how would this get recognized on the Godrej Properties P&L. Does it accrue the first year itself or its going to be on POCM based?

Rajendra Khetawat Vikhroli, the Godrej & Boyce deal you are talking?

Gunjan Prithyani Yes.

Rajendra Khetawat The Godrej & Boyce deal will get recognized on a POCM basis and on the collection as on when Godrej & Boyce receive the collection, we will be getting our 10% share.

Milind Korde Part of it is going to be recognized this year.

Gunjan Prithyani So it will be on collection basis?

Rajendra Khetawat Yes.

Gunjan Prithyani Sir you mentioned earlier during the call that the operating income includes Rs. 8.1 crore on account of Nagpur. Could you just provide me some clarity on that?

Rajendra Khetawat We have signed a Nagpur deal which was an ongoing project, so we assumed the responsibility for the ongoing as well as the future development. So in the ongoing project there was already 4.5 lakh square feet of area sold and substantial progress has already been made over there. On account of that we got development manager fees of Rs. 8.15 crore being accounted in to this quarter's operating income.

Gunjan Prithyani But going ahead this should just be as a normal JDA project, right? It will just contribute to the revenue?

Rajendra Khetawat The Phase I would be a development manager which is at 8 lakh square feet. The balance 20 lakh square feet would be a normal JDA project.

Gunjan Prithyani And lastly on your launch plans if you could just tell us where you have high visibility in terms of project being launched over third quarter or fourth quarter?

K T Jithendran Over this quarter we are planning to launch the next phase of the Ahmedabad. We are lining up launches for three projects in Bangalore, Gold County and one more project Alpine in Mangalore. Then Chennai which has been getting delayed that we are planning to launch in the next month. Then Nagpur, the new phase we are planning to launch and also Hyderabad project we are planning to launch.

Gunjan Prithyani And your Chembur project?

K T Jithendran Yes the Chembur project also. Couple of Chembur projects also we have planned to launch in December.

Gunjan Prithyani And lastly on your commercial sales, if you could just provide us some clarity whether you are seeing some major deal being closed in second half of this year or how do we locate the Kolkata and Chandigarh commercial space?

Pirojsha Godrej I think we have seen some good momentum there. Actually yesterday we have entered into lease agreements for Godrej Waterside Kolkata for 140,000 square feet, which is a very significant deal. We will now be able to sell that space with the lease to an investor. We are in discussion for several other deals. So we hope to pick up the momentum in this quarter on the commercial sales. I think clearly Q2 was a disappointment from the point of view of commercial sales. And we think that will certainly change in the coming quarter.

K T Jithendran And in the Chandigarh also we are doing some very good deals in the retail parts. We have closed the deal with Jaguar for a retail showroom that is about Rs. 13,500 per square foot. We are seeing good traction now in commercial properties also.

Moderator Thank you. Our next question is from the line of Abhishek Singh from Batliwala & Karani Securities. Please go ahead.

Abhishek Singh Sir first of all, in our Vikhroli land parcel, we do have a very landmark agreement G & B now. But we also have the 35 acre land parcel which we are going to develop in our own right. So I just wanted to understand, by going forward, we also have our own residential development in that portion? Will it anyways compete with G & B development and will it be a completely different product altogether? How we are going to differentiate between the both?

Pirojsha Godrej Sure, actually from a timing point of view, I think the two projects will work quite nicely, because we expect to be sold out of this G & B residential project by the time we launch the residential phase of The Trees. So I think it will work quite well. The positioning will be broadly similar, there may be some differences. But we think there is significant demand for residential space in Vikhroli particularly as we start to tell a larger story of what our plans are on the overall development and the response to Godrej Platinum has been quite encouraging and we certainly would expect to sell out of that project well before the launch of The Trees residential.

Abhishek Singh So does that mean that like 0.6 million square feet work you have already launched in Platinum, that only will start the sale after The Trees residential portion?

Pirojsha Godrej No it doesn't mean that. It's 6 lakh square feet and not 5 million square feet that we have launched in Platinum and we certainly won't hold up the launch of The Trees residential. I just expect that the Godrej Platinum residential will be sold in advance. We were thinking of probably launching the residential part of The Trees in about 16 to 18 months from now and I think we will be sold out of Godrej Platinum well before that.

Adi Godrej But it's quite possible in future that we might be marketing more than one commercial project and more than one residential project in Vikhroli at the same time, because Vikhroli is a very large development project.

Abhishek Singh And regarding our Ahmedabad project, now since you are to change the development plan altogether, from an integrated township we are now moving to RTP. Sir is there any additional payments that we have made to the AUDA or are there any future payments you are suppose to be making to AUDA for the conversion?

Pirojsha Godrej No there is no change in the payment. This is a change in policy by the Gujarat Government which is why we have gone under this new policy. So there is absolutely no additional outflow from Godrej Properties as a result.

Abhishek Singh Okay.

Prem Khurana Hi Sir this is Prem, Abhishek's colleague. Just wanted to check on the Bangalore arrangement that you have entered during this quarter, I mean, we have tied up with some 0.4 million square feet of area where we will receive around 11% of the total revenue. I just wanted to understand the rationale behind entering to this transaction because the project does not seem to be of significant size for our size of company. And progressively would you continue to focus on these kind of developments because it would reduce your capital intensity or could we expect some more direct line of acquisition or JDAs, which you used to enter into before?

Pirojsha Godrej I think the type of projects that we will do as a company will have both some very significant scale projects like Vikhroli, Ahmedabad and Jet, but there will also be smaller project that can be very lucrative and can be finished on a completely risk-free basis in a very short timeframe and give good returns to the company. We certainly won't turn away those deals.

At the company now our job is to establish strong regional centers which can handle these small projects independently. We have a strong team in Bangalore, they have done already a couple of projects and we will be launching three or four more. So we think this project will work quite well and then as I said it is a totally risk-free source of income to the company. I don't think this in anyway signals any movement away from our basic model which is the joint venture model, which we will continue to do for most of our deals. But we will certainly be open to this kind of a model as well. And we have done this kind of model historically also.

Prem Khurana You are employing a managing bandwidth on these size of projects and we could have used this bandwidth for some other bigger and better projects?

Pirojsha Godrej I think first of all a 4 lakh square foot residential project in Bangalore, I wouldn't say it's a very miniscule project. It's a reasonably sized project, about 14 acres of land. So first of all I don't think it is that small a project. But secondly it is prudent to have a mix of projects in our portfolio. Some will be much larger as I think we have demonstrated with the couple of projects I mentioned. But this would be a high return project, totally risk free. We will be able to complete the project quite quickly and our local team in Bangalore will be able to successfully execute this. So we certainly don't see the logic in turning away such projects.

Moderator Our next question is from the line of Rajeev Desai from IFCI Financial Services. Please go ahead.

Rajeev Desai I just wanted to understand the strategy of Godrej Properties for Ahmedabad project. It was 40 million square feet, it was based on an integrated township, so we were able to gather the kind of pace of selling in terms of residential properties. Now going forward you are more skewed to a residential and less of commercial. At the same time there are a lot of local builders developing in and around the same area. The project being located far away from the city, how do you expect around like if I say 20 million square feet in houses around 80,000 people against commercial development around 3 million square feet, which will give an employment to around 10,000 people. So our theme during the time of IPO and now, that does not come out. How you are going to the sell the whole project?

Adi Godrej First of all let me say that the Ahmedabad Township is within the municipal limits of Ahmedabad, so it's not far out. Its 20 minutes to the Ahmedabad International Airport and around the same time to Gandhi Nagar also. So it's very well located, very strategically located.

Secondly, commercial property in Tier-2 cities would mean very large investments. This enables us to do more of residential development which will be easily saleable. And the capital that would have been locked up in the commercial development can now be deployed into other projects which will get us much better returns.

Thirdly, for the first five years, there will be hardly any difference in the development because the residential projects based on the current available phases will continue. So overall we think this is beneficial to the company both in the short run and in the long run.

Pirojsha Godrej Just to add a little bit to that. We have already sold in Ahmedabad 3.5 million square feet in 18 months. So I think we have demonstrated already our ability sell in that market. We think as a city and as a state it is doing very well. Demand will increase and we remain very confident of the project continuing to do well.

Rajeev Desai It might be not right way to think but the similar kind of structure DLF has also violated and there was a claim against it under CCI. So can any investor or any user can go for the same thing and for the Phase I, Phase II which you have sold out. Any user can go against GPL because the change in the plans going forward?

Pirojsha Godrej All projects can have change in plans if Government regulations change. The Government has changed its township policy, we are now moving the project to comply with the new policy. So there is certainly nothing where we are breaching anything we have said to any customers. Phases there have already been sold will continue as is and development will continue to be on the same amount of land that we have mentioned to the customers. The total square footage developed is not something that the customers are going to get involved. So I do not see any similarities at all to this case and the case you mentioned of DLF.

Moderator Thank you. Our next question is from the line of Madhukar Ladha from HDFC Securities. Please go ahead.

Madhukar Ladha To start off with, what is our average interest cost?

Rajendra Khetawat Its 11.10%.

Madhukar Ladha We do have an average debt of around Rs. 1,000 crore in this quarter. That would mean close to around Rs. 30 crore of interest. We have our interest expenses around Rs. 50 lakhs. So we would have capitalized around 29.5 lakhs right?

Rajendra Khetawat Correct.

Madhukar Ladha The other thing is, we also received interest on refundable deposits?

Rajendra Khetawat Right.

Madhukar Ladha How much would that be? And are we including that amount in the P&L?

Rajendra Khetawat No that goes directly to reduce the interest expense of the projects from which the refundable deposits are given. So as the interest gets debited to, capitalized to the project, the interest income also gets credited to the project.

Madhukar Ladha So basically it reduces the amount of capitalization?

Rajendra Khetawat Yes.

Madhukar Ladha Okay that's good. Now on the Jet deal effectively this means that we are taking in Rs. 250 crore of debt, right?

Rajendra Khetawat Because Rs. 250 crore is being shared by Jet indirectly.

Madhukar Ladha And I believe we will be following proportionate consolidation in this?

Rajendra Khetawat No it will be our 100% SPV. So we will be consolidating 100%.

Madhukar Ladha So it will be 100% SPV but Jet will have..?

Adi Godrej Yes by agreement.

Madhukar Ladha Then we have entered into these new development projects in Bangalore and Nagpur. How much capital have we have invested in them?

Rajendra Khetawat Nagpur we have given Rs. 29 crore of refundable deposits and in Gurgaon we have given around Rs. 50 crore of refundable deposits.

Madhukar Ladha And Bangalore?

Rajendra Khetawat Bangalore we have given Rs. 15 crore of refundable deposits, which is at an interest 9.5% - 10%.

Madhukar Ladha All of this will have 9.5%?

Rajendra Khetawat Only the Bangalore one.

Madhukar Ladha Only the Bangalore will have 9.5%. The others will not?

Rajendra Khetawat No.

Madhukar Ladha So this would get total our non-refundable deposits currently on the balance sheet to what number approximately?

Rajendra Khetawat All are refundable deposits. So the deposit would be around Rs.540 crore till date.

Madhukar Ladha On the Ahmedabad deal, when was this decide because at least I was not aware of this entire change in policy so?

Pirojsha Godrej We have provided actually a timeline in our investor presentation on Slide #33. The policy changed last year actually, but there has been a lot discussion we have been having with the Government on exactly how this would be formulated for our end. So we have finally got clarity only have now and took our board approval and announced it. There is a timeline if you are interested in our investor presentation on Slide #33.

Madhukar Ladha I saw that, it was just not extremely clear for me. Anyways, thanks for taking my questions.

Moderator Thank you. Our next question is from the line of Suman Memani from PINC Research. Please go ahead.

Suman Memani I just wanted to know it would be very difficult to say in terms of million square feet. But what could it be in terms of acres the Vikhroli project roughly?

Pirojsha Godrej It's not something that we have an exact estimate for but we do think this would be a very-very large development. Roughly somewhere in the range of 500 to 1000 acres is our estimate. But for now, won't put any amount of space in this in our portfolio until we are totally clear in what that will be. But just to put that amount of acreage in a little bit of perspective. All of Bandra-Kurla is about 350 acres. All of the Powai development is about 200 acres. All of Dharavi is about 550 acres. So we think over time this will be Mumbai's largest and most valuable development.

Suman Memani 500 to 1000 acres would be the development area in fact?

Pirojsha Godrej This is our very last estimate at this stage. But as I said we don't have total clarity and we will work towards getting that clarity and announcing it as soon as we have it.

Moderator Thank you. Our next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala Given the fact that Godrej & Boyce is the land owner and also has a large construction company, why do they need to do this deal with GPL? It almost looks like a free lunch?

Adi Godrej Because GPL has great expertise in project conceptualization, marketing and sales. We feel that Godrej & Boyce doing this together with GPL will add more than 10% to the value creation of the project if GPL handles the conceptualization, marketing and sales. So it's a mutually beneficial process. Godrej & Boyce while having a construction arm; they are not traditional property developers for sale. So this will combine the best abilities within the group. So we feel it is mutually beneficial and the payments will come from value creation by Godrej Properties for Godrej & Boyce.

Sameer Baisiwala You just said sales and marketing in the current scenario is not considered to be very high value add in the sector.

Adi Godrej We beg to differ.

Sameer Baisiwala The second thing is why is this amount arrived at 10% of sales? Why not 5, why not 15?

Adi Godrej It's a mutually agreed figure. We feel this is sort of the market valuation for such services.

Sameer Baisiwala Sir this is going to be a multi-year and may be couple of decade long development. Is this agreement pretty much in stone or could this be changed at a later point in time to a JDA, JV or a higher or lower percentage than 10%?

Adi Godrej By mutual agreement, any agreements can be changed. But we feel this will be a long term agreement.

Moderator Thank you. Our next question is from the line of Vineet Chandak from IDFC Securities. Please go ahead.

Vineet Chandak What is the price at which the Nagpur project is currently selling at?

Milind Korde Rs. 4,500 per square foot.

Vineet Chandak What has been the response to the Godrej Platinum Vikhroli?

Pirojsha Godrej It has been very encouraging, we have opened sales on one of the four towers, so far we have sold about 80% of the inventory. So we sold about 20% of the total project already.

Vineet Chandak And at what price you have launched this?

Pirojsha Godrej At an average price of around Rs. 12,000 per square foot and given the response we have taken prices up slightly. So we would expect the average price for the overall project to be somewhere north of Rs. 12,500.

Vineet Chandak And so what is the pricing at which we have launched the Godrej Platinum Bangalore?

Milind Korde Godrej Platinum Bangalore is about Rs. 7,000 per square foot.

Moderator Thank you. Our next question is from the line of Deepak Rohra from Quest Investment Advisors. Please go ahead.

Deepak Rohra I just need to understand on this deal of Godrej & Boyce where you have a 10% development manager fee, this is only with regard to residential projects or as and when later on there is some commercial or industrial related developments this is applicable there or it's just only for the residential part of the deal?

Pirojsha Godrej This is applicable for any and all real estate development in Vikhroli which will include residential, commercial, retail or any other kind of real estate development activity.

Deepak Rohra So any kind of activity as part of G & B deal. Commercial will not be treated separately like you have for Trees project where it's a JDA model or JV model where the lease-rent flows into the JV and then you do a share, its not that way?

Pirojsha Godrej No. For any future related development of the G & B land, we will get 10% of the total revenue. And then incidentally that also includes any development done for lease.

Deepak Rohra G & B could lease out the land effectively.

Pirojsha Godrej If they did any development say commercial buildings and leased out the property we would be entitled to 10% of that lease.

Deepak Rohra 10% of the leased amount then?

Pirojsha Godrej That's right.

Moderator Thank you. Our next question is from the line of Bharat Sheth from Quest Investment Advisors. Please go ahead.

Bharat Sheth Sir how this change in FSI norms which has been just announced few days back, would have impact on our Godrej Industries JV, would it be positive?

Adi Godrej Yes there will be a positive, because what has been done is the FSI has been increased with payment of fees. However, what it will mean is that TDR we will need to buy will come down, which others will also buy will come down. So we expected to have a downward effect on TDR prices. So therefore the project cost will be positively affected.

Bharat Sheth And in the other project in Mumbai that we have launched?

KT Jitendran Yes the Chembur project also which are going to launch is expected to have positive impact there also.

Bharat Sheth And Thane, I mean all.

Milind Korde Only in the Greater Mumbai area all projects would be covered.

Moderator Thank you. Our next question is from the line of Kiran Chheda from Valuequest Research. Please go ahead.

Kiran Chheda Sir just one clarification on the G & B deal. The 10% of the revenue that we will be getting will probably go straight to the bottom-line or do we have any expenses that we will be occurring?

Adi Godrej Up to 2% could be expenses. We expect 8% plus going to the bottom line.

Moderator Thank you. Our next question is from the line of Hitesh Doshi, he is an investor. Please go ahead.

Hitesh Doshi Any increase in total developable area in Godrej's The Trees project by the new FSI norms, we were expecting 28 lakh square feet to be sold?

Pirojsha Godrej This won't change the total developable area. There may be some impact on lowering the cost but the total developable area remains the same.

Hitesh Doshi And same applies to the Godrej & Boyce future development also? So developable per acre would be remaining same?

Pirojsha Godrej That will remain the same. But I think one the things is to keep in mind for the Godrej & Boyce development is that any FSI changes over the period of the life of this project could very positively impact the developments. Most people expect the FSI norms in Mumbai will change in the pretty near future and certainly they are very likely to change over a longer timeframe. And any changes that bring about additional FSI on the land will obviously take up the total scope of development. But we don't see any change from this most recent announcement.

Hitesh Doshi From this we can save on TDR as a cost?

Pirojsha Godrej That's correct.

Hitesh Doshi We have launched this Godrej Platinum project in Bangalore. So can I know the value at which we bought the land?

Rajendra Khetawat It was a joint development with GMR. So it is a 50-50 area sharing.

Hitesh Doshi We have sold the state to I think Motilal Oswal...?

Rajendra Khetawat The private equity investor we bought into an SPV, by selling 49% stake to them.

Hitesh Doshi And what would have been our cost to the JDA, while we took stake in the JD?

Rajendra Khetawat So we have given a advance to GMR of around Rs. 75 crore.

Hitesh Doshi Would the entire Vikhroli land be developed by Godrej & Boyce Constructions or in future you can have another L&T or someone else to do the other works in the project?

Pirojsha Godrej So the idea is for Godrej & Boyce's construction division to develop and do all the construction, but as the construction volumes increase and we feel there is a need to bring in a third party contractor that's always something we can look at.

Adi Godrej Whatever third party contractors are brought in, the cost would be borne by Godrej & Boyce.

Hitesh Doshi Can you throw some light on what kind of execution capabilities we are building for the future growth, the kind of growth we are projecting for the company?

Pirojsha Godrej I think one of the key focuses of all of us and the management has been to make sure that, execution does not become a constraint. So I think our very business model where we outsource a lot of activities to best in class partners are tailored to that, focusing on joint ventures is tailored to that. So we don't see execution capability as something that should constrain our growth. For example if we add a few new projects into our execution pipeline, we see absolutely no impact that would have on existing projects. I think for the foreseeable future we certainly don't look at the execution and something that should hold our growth back.

Hitesh Doshi Where do you see Godrej & Boyce in 5 to 10 years if they want to enter the real estate sector like GPL? Or may be their own land and their own product?

Pirojsha Godrej No we have a clear agreement. Now there is no question of Godrej & Boyce entering the real estate space.

Hitesh Doshi On ex- Vikhroli's with the kind of cash flow they would be having in few years' time?

Pirojsha Godrej No I don't see that as a realistic possibility at all. Godrej & Boyce is already the parent company for the group which of course includes Godrej Properties and has no reasonable possibility of them starting their own development company.

Adi Godrej We are one group and we have clear understandings of which company will be in which field within the group.

Moderator Thank you. Our next question is from the line of Aatash Shah from Nomura Financial Advisory & Securities. Please go ahead.

Aatash Shah Just to understand rationale for this deal with Godrej & Boyce and Vikhroli wherein you mentioned its frees up your capital and no capital deployment is required. Just as an example for the Godrej Platinum Project which is residential development. Most of the residential development ideally in Mumbai would have been self-funded through customer inflows. So don't you think it would have made more sense, or added greater value to Godrej Properties to act as a co-developer for such a project?

Pirojsha Godrej I think Godrej Platinum and other residential projects, your point is well taken. But I think, I will give you another example, say if you look at our Jet project currently and Vikhroli will have substantial amount of high investment commercial, retail, hospitality developments and will be needed to make this to the world class destination that our ambitions are. So while your case may be correct on the residential space. There would be tens of thousands of crore of total investment needed for the other types of developments, which will form a very-very major part of the Vikhroli development which is why this structure we feel is the most sensible one and the one that allows us higher growth potential both through this deal and with external projects.

Aatash Shah While that point is well taken, I believe that a lot of the commercial development on that would have probably be sometime future maybe 5, 7 years down the line. By that time we would have been able to raise a lot of cash from the current sales which we have also probably from the market itself. So may be as a future strategy, you could have thought along those lines instead of casting this in stone in terms of 10% as development managers.

Adi Godrej We feel Godrej Properties ability to grow is tremendous. The main reason why growth might be less than what we would like it to be would be financial resources. We have the ability to develop the Vikhroli property. We have the ability to do joint ventures with others across the country. As you know we have announced eight projects this year itself. If we had taken the step to invest in Vikhroli, whether now or in the future, it would have meant that our development potential in the rest of the country would be affected to that extent. This way we are best of both worlds.

We have large growth and profits from the Vikhroli development and will have large growth outside of Vikhroli. So strategically we feel this is excellent for Godrej Properties future growth and it adds very considerably to the present value of Godrej Properties future growth. That is why strategically our board has taken this decision and I think you will see value created by this decision in the future.

Aatash Shah Sir just to take this point forward, I mean, just on a capital allocation strategy basis. Do you think it would make more sense to allocate capital to cities like Nagpur or may be high return cities like Mumbai?

Adi Godrej Well that is studied from a strategic point view very regularly in assessing each projects. Clearly every city has its own developmental advantages and disadvantages. So clearly we compare this, but basically until we have a situation where we have a large choice on what to access we are accepting reasonably good returns. We evaluate each project by the EVA created by that project.

Aatash Shah And secondly we have the board approval to raise about Rs. 750 crore. So what would be use of these funds if and when this will come?

Adi Godrej See as I mentioned our growth will require funds. Growth potential is tremendous. We want to ensure that we raise both debt and equity. This Rs. 750 crore is a board resolution to allow the company to raise further equity if required; we want to keep our debt-equity ratio in reasonable control. Also SEBI has a requirement that they have to bring our promoter holding down from the current 83% to 75%. So we will have to implement that. So both these objectives would be served by this resolution.

Moderator Our last question is from the line of Madhukar Ladha from HDFC Securities. Please go ahead.

Madhukar Ladha Again just following up on this capital raising plans, what is the expected time line?

Pirojsha Godrej Broadly, we will wait and watch what market conditions look like. Our rough estimate at this stage would be somewhere from 6 to 12 months. I think the key decision there will be how markets are doing and when it make sense to time it. We have a window up till June 2013 by when we will have to comply with the SEBI ordinance that my father mentioned. So that is the outer date, but our best estimate at this stage would be somewhere in the next 6 to 12 months.

Madhukar Ladha Because looking at the way, you guys are growing, you need to raise capital pretty soon because the commercial development in Vikhroli will take capital, you are taking on debt from Jet. You will again be investing in FSI over there. And whenever you enter new agreements you will be paying refundable deposits. So it’s highly imperative that you guys raise capital.

Pirojsha Godrej While we agree that we would like to raise capital and we are looking do so, I don’t agree that if makes much sense to look at it an urgent basis. I think Godrej Properties is on very sound financial footings. You must remember that we have the lowest borrowing cost by far of anyone in the industry; we have strong ability to raise capital at the project level also. So, we are interested in raising entity level equity, but we certainly will not do it in a rushed manner or in a manner where we are forced to do it where market conditions are not conducive.

Adi Godrej What you must bear in mind also that we have ability to monetize some of the large projects you mentioned. So there are other options for capital rising.

Madhukar Ladha Are you looking at that?

Adi Godrej Yes we would look at reasonable options on that front.

Madhukar Ladha Are there any height restrictions at Vikhroli?

Pirojsha Godrej The development on The Trees, there is height restriction, because its on the Airport funnel. But for most of the land there is no height restriction and the residential towers we have for Godrej Platinum are about 30 storeys. So there is no height restriction on most of the land. But some other land including The Trees, there is a height restriction.

Madhukar Ladha A couple of financial questions, what was the interest income for the quarter from refundable deposits?

Rajendra Khetawat See the interest income I don't have the figure right now, I can provide you offline. But what we capitalized to the project was around Rs. 31 crore. The interest income directly gets credited to the projects; I can provide that information off line.

Madhukar Ladha So the net capitalization will be lesser than Rs. 31 crore?

Rajendran Khetawat Yes exactly.

Madhukar Ladha And you mentioned project wise sales for this quarter. Can you repeat that?

Rajendra Khetawat Sure Ahmedabad was around 181,000. Palm Grove Chennai was 6,200. Godrej Prakriti Kolkata was 243,000. Godrej Genesis Kolkata was around 34,000. Chandigarh was around 9,100. Godrej Frontier Gurgaon was around 49,000.

Madhukar Ladha Thank you. That answers my questions.

Moderator As there are no further questions, I would now like to hand the conference over to the management of Godrej Properties for their closing remarks.

Adi Godrej Thank you. I hope we have been able to answer all your questions. If you have any further questions or would like to know more about the Company, we would be happy to be of assistance. We hope to have your valuable support on a continued basis as we move ahead. On behalf of the management, I once again thank you for taking the time to join us on this call particularly on a Saturday.

Moderator On behalf of Godrej Properties, that concludes this conference. Thank you for joining us.

- ENDS -
